



## Senate

General Assembly

**File No. 140**

*January Session, 2001*

Substitute Senate Bill No. 1023

*Senate, April 5, 2001*

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### **AN ACT CONCERNING FINANCIAL ASSISTANCE BIOTECHNOLOGY PROGRAMS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-462 of the general statutes is repealed and the  
2 following is substituted in lieu thereof:

3 (a) As used in this section:

4 (1) "Agency" means the Department of Economic and Community  
5 Development, the Connecticut Development Authority or Connecticut  
6 Innovations, Incorporated.

7 (2) "Financial assistance" means grants, loans, loan guarantees,  
8 contracts of insurance, investments, or combinations thereof, which are  
9 provided from the proceeds of bonds, notes or other obligations of the  
10 state or an agency which constitute a debt or liability of the state or  
11 which are secured by a special capital reserve fund payable from  
12 amounts appropriated or deemed appropriated from the General

13 Fund.

14 (3) "Applicant" means any eligible applicant seeking financial  
15 assistance from an agency for a business project. The term "applicant"  
16 shall not include any political subdivision of the state.

17 (4) "Business project" means a business proposal undertaken by one  
18 or more applicants, but does not include housing unless undertaken in  
19 combination with another unrelated type of business.

20 (b) (1) No agency or agencies may award more than a total of ten  
21 million dollars of financial assistance during any two-year period to an  
22 applicant or for a business project unless such financial assistance is  
23 specifically authorized by an act of the General Assembly which has  
24 been enacted before, on or after July 1, 1994, except that in the case of  
25 financial assistance for a biotechnology business project, no such  
26 award may be more than twenty million dollars unless such financial  
27 assistance is specifically authorized by an act of the General Assembly  
28 which has been enacted before, on or after the effective date of this act.

29 (2) The provisions of subdivision (1) of this subsection shall not apply  
30 to any awards funded or to be funded by bonds authorized to be  
31 issued by the State Bond Commission before July 1, 1994.

32 Sec. 2. This act shall take effect from its passage.

**CE** *JOINT FAVORABLE SUBST.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** See Explanation Below

**Affected Agencies:** Department of Economic and Community Development, Connecticut Innovations, Inc (quasi-public), Connecticut Development Authority (quasi-public)

**Municipal Impact:** None

**Explanation****State Impact:**

Under current law, the Department of Economic and Community Development (DECD), Connecticut Innovations, Inc. (CII), and Connecticut Development Authority (CDA) are permitted to provide up to \$10 million in funding over a 2-year period for business projects without a specific authorization from the legislature. The bill raises the cap to \$20 million for biotechnology business projects. To the degree that General Obligation (GO) bond funds are expended more rapidly than they otherwise would have been, this change will increase debt service costs in future years.

The table below shows potential sources of GO bond funding for biotechnology projects and the amount available as of 4/2/01. Please note that DECD's Manufacturing Assistance Act and Urban Action Program bond authorizations, and CDA's Connecticut Works Fund

bond authorization and Tax Incremental Financing Program may be used to fund other types of business projects. The only funding source that is specifically targeted to biotechnology projects is CII's biotechnology facilities bond authorization.

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**Potential sources of GO Bond Funding for Biotechnology Projects**

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<b>Agency</b>	<b>GO Bond Authorization</b>	<b>Unallocated Balance as of 4/2/01</b>
DECD	Manufacturing Assistance Act	\$89.9 million
DECD	Urban Action Projects	\$11.5 million
CDA	Connecticut Works Fund	\$33.0 million
CII	Biotechnology facilities	\$10.0 million

  

<b>Agency</b>	<b>Program</b>	<b>Current Law Cap</b>
CDA	Tax Incremental Financing Program (funded with GO bonds)	Up to \$10 million per project

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**OLR Bill Analysis**

sSB 1023

**AN ACT CONCERNING FINANCIAL ASSISTANCE  
BIOTECHNOLOGY PROGRAMS.****SUMMARY:**

This bill raises the limit, from \$10 million to \$20 million, on the amount of financial assistance state agencies can provide to biotechnology business projects over a two-year period without General Assembly approval. It applies to assistance provided by the Department of Economic and Community Development, the Connecticut Development Authority (CDA), and Connecticut Innovations, Inc. Under current law, agencies cannot award more than \$10 million in financial assistance over a two-year period to a business project without express General Assembly authorization. Existing exceptions include bond funds awarded or authorized to be issued before July 1, 1994, and CDA awards may go up to \$15 million for high technology projects.

EFFECTIVE DATE: Upon passage

**BACKGROUND*****Biotechnology***

The statutes define biotechnology as “the application of technologies, including recombinant DNA techniques, biochemistry, molecular and cellular biology, genetics and genetic engineering, biological cell fusion techniques, and new bioprocesses, using living organisms, or parts of organisms, to produce or modify products, to improve plants or animals, to develop microorganisms for specific uses, to identify targets for small molecule pharmaceutical development, to transform biological systems into useful processes and products or to develop microorganisms for specific uses.”

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable Substitute

Yea 26      Nay 0